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TAGS: [ECON](#) [ETRD](#) [EAGR](#) [SL](#)

SUBJECT: PRESIDENT KOROMA INTERCEDES WITH CONCESSIONS TO
KEEP SEABOARD MILL IN SIERRA LEONE

REF: A. FREETOWN 44

[B](#). FREETOWN 80

[C](#). FREETOWN 182

Classified By: Ambassador June Carter Perry for reasons 1.4(b) and (d)

[1](#). (C) SUMMARY: As reported in reftel A and B, Seaboard West Africa Ltd., an American-owned company operating the only flour mill in Sierra Leone, found itself in dire financial straits due to the volatility of the world commodities markets and price ceilings on flour. These negatively impacted the competitiveness of Seaboard flour versus the price of imported flour. Following a series of talks with high-level government officials, Seaboard succeeded in winning the concessions it needed to level the playing field between itself and flour importers. Consequently, it plans to keep its doors open for the foreseeable future. The concessions were granted by President Koroma, indicating his strong interest in supporting domestic enterprises, but also possibly creating a precedent that corrective action is only taken if he becomes directly involved. END SUMMARY.

[2](#). (C) Daniel Awani, Seaboard West Africa's Financial Manager, informed the Embassy on April 15 that operations will continue in Sierra Leone despite previous reports to the contrary. Seaboard's plans to shut down operations were almost complete (reftel B) and plans to move the entire operation elsewhere were underway.

[3](#). (C) Seaboard's ongoing discussions with the Vice President and the Ministers of Trade and Industry and Finance, despite vague government promises, had been unproductive in achieving any concrete actions to ameliorate the unfair price competition between Seaboard and flour importers. Ambassador Perry's own meeting with the Minister of Presidential Affairs and Public Affairs (reftel C), in which Seaboard's importance to Sierra Leone was raised, received little response; the official did not seem to be aware of the on-going discussions between the parties. Seaboard's final attempt to save the operation was to present their case via letter to President Koroma.

[3](#). (C) Although the President did not respond immediately, Awani said that the Minister of Finance finally allowed Seaboard an exemption from paying sales tax (COMMENT: Ambassador Perry received a call from Seaboard Vice President Ralph Moss indicating he had spoken with the Minister of Finance who promised support to Seaboard. END COMMENT.). The action was apparently taken at Koroma's request. Awani avoided the specifics on the further concessions Seaboard was granted, but they will allow Seaboard to remain competitive with the flour importers. Awani also said that the Finance Minister promised to ensure that the importers pay all their required dues, which, according to Seaboard, they had previously failed to do.

[4](#). (C) COMMENT: This is a positive outcome for Seaboard,

which subsidized its failing operation here for over a year due to their desire to remain in Sierra Leone. Despite our inquiries, Seaboard has never been forthcoming about their concession demands and their reticence to discuss details may indicate that Seaboard is receiving unique governmental assistance. Nevertheless, Seaboard employees will be glad they will be able to retain their jobs, particularly in a country where formal sector jobs of any kind are scarce. Moreover, while Koroma's intervention makes clear that he is serious about assisting domestic industry, we are not certain his pro-business message has been fully adopted by key Cabinet members. It was not until he became involved that his cabinet moved forward, which raises a concern that he may be setting a precedent to intercede in low-level decisions to ensure his policies are carried out. Ultimately, he needs to create a policy action plan to ensure equitable treatment for private industry concessions and avoid a trap in which he finds himself distracted from other duties by the need to micromanage on an ad hoc basis. END COMMENT.

PERRY